

**MINUTES
REGULAR MEETING
RETIREMENT BOARD OF TRUSTEES
EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF BATON ROUGE
AND PARISH OF EAST BATON ROUGE
SEPTEMBER 3, 2020**

[Note: This meeting was originally scheduled for August 27, 2020 but was rescheduled due to weather-related closures of City-Parish offices]

The regular meeting of the Retirement Board of Trustees was held in the Metropolitan Council Chambers at 222 St. Louis Street, due to social distancing requirements, and was called to order at 10:04 a.m. by Board Chairman Ms. Marsha Hanlon. Members present: Mr. Joseph Toups, Mr. Brian Bernard, Mr. Mark LeBlanc, Mr. David West, Sgt. Neal Noel, and Mr. Britt Hines. Absent: None. Staff present: Mr. Jeffrey Yates, Mr. Russell Smith, Mr. Kyle Drago, and Mr. Mark Williams. Others present: Ms. Denise Akers – legal counsel, Ms. Shelley Johnson – Foster & Foster (actuarial consultants), Ms. Annie Tate (disability retiree), and Mr. Tate (spouse).

Mr. Kyle Drago formally called the roll.

The chairman began by introducing Item 1, Reading and Approval of Minutes, and noted that there were minutes being considered for approval from the regular meeting of July 30, 2020, from the Investment Committee meeting of August 14, 2020, and from the Election Committee meeting of July 30, 2020, and called for a motion.

Motion by Mr. LeBlanc, seconded by Mr. West to suspend the reading of, and approve the minutes of the regular meeting of July 30, 2020, the Investment Committee meeting of August 14, 2020, and the Election Committee meeting of July 30, 2020 as presented.

No discussion and no objections.

Motion passed by those members present.

Under Item 2, Disability, there were no applications for consideration for disability retirement.

The next item on the agenda was Item 3, Benefits Report, and the chairman called on Mr. Yates to present the report. Mr. Yates stated that the report was unchanged from the report that would have been presented on August 27th and that no additional member entries had been added. He stated that the report was in order as presented.

Motion by Mr. LeBlanc, seconded by Mr. Bernard to approve the Benefits Report as presented.

No discussion and no objections.

Motion passed by those members present.

The next item on the agenda was Item 4, DROP Notifications Report, and it was noted that this report was provided for informational purposes only, and no action was necessary.

The chairman then moved to Item 5, Consultants' Reports, and recognized Ms. Akers for her report. Ms. Akers stated that her report showed updated information highlighted in yellow. She noted that one matter of litigation would be best discussed in executive session, so it was agreed that the entire legal update would be pushed back to later in the meeting.

The next item was Item 6, Committee Reports, and under Item 6B, Investment Committee Reports, the chairman called on Mr. LeBlanc for his report. Mr. LeBlanc stated that an Investment Committee meeting was held on August 14, 2020, with Jon Breth and Chris Brokaw of AndCo attending by conference call. He stated that the second quarter of 2020 was a significant improvement over the first quarter, with an overall return of 11.83%, although the calendar year was still over 3% negative. He stated that the flash report for July showed the performance had turned positive for the year. He noted that AndCo had answered his questions regarding the potential negative impact of the pandemic on real estate funds due to a possible decrease in demand for commercial real estate with more employees working from home. Regarding the PGT, the 2nd quarter performance was 8.51%, and was still negative for the year. Mr. LeBlanc stated that the increased market may make it possible to still meet the System's expected rate of return by year end. Mr. West noted that he had several questions for the real estate firms that would be presenting to the committee, especially related to the retail sector.

Moving to Item 7, Staff Reports, the chairman noted that under Item 7C, there were invoices from the law offices of Akers & Wisbar, LLC, and under 7E, there was an invoice from the actuarial firm of Foster & Foster that needed approval for payment.

Motion by Mr. LeBlanc, seconded by Mr. Toups to approve payment for the charges to the law firm of Akers & Wisbar, LLC, and the actuarial firm of Foster & Foster as presented.

No discussion and no objections.

Motion passed by those members present.

Under 7F, there were several investment manager/consultant invoices for the Board's review.

Under 7G, Cash Activity Report, Mr. Drago presented the report and noted that there was nothing significant to point out. He also noted the budget report to supplement the information.

The Chairman then stated that Item 8 would be skipped to take Item 9A, Request by Ms. Annie Tate Regarding the Verification of Earned Income Form and Process, in order to accommodate the meeting attendees. The chairman recognized Mr. West who stated that as an employee representative, he wanted to ask the Board to address Ms. Tate's request. Mr. Yates stated that in the Board packets was a page showing the Retirement Ordinance language requiring a disability retiree to submit an annual notarized form showing the amount of earned income of the retiree. This form is used to determine whether or not the retirement benefit is offset against the earned income. He noted that Ms. Tate wanted to inquire about no longer requiring the form when the retiree reaches a certain age. Ms. Annie Tate introduced herself and stated that she believed she was told by a Benefits Counselor that at 62 years of age her benefit would be considered a retirement benefit (service allowance) and she would no longer have to report her earned income. Mr. Yates noted that this section of the ordinance language, as currently written, did not contain any exceptions for age or any other factors. Ms. Tate elaborated on her disabling physical conditions and asked the Board to reconsider the requirements of the earned income reporting form in her case. Ms. Akers stated that the Board was bound by the ordinance language, and that any change in the ordinance language would have to be passed at the Metro Council level. She noted that the state and statewide retirement systems' revised statutes allow disability retirements to convert to service allowance retirements, provided they meet the required criteria, but that was not the case with CPERS. She also noted that the state and statewide systems do limit the amount of earned income a disability retiree may earn, but that the scale is adjusted by a cost-of-living factor each year. Ms. Akers stated that the Board had no discretion in this matter because of the language of the plan document. Ms. Tate then stated that she would approach the Metro Council about this matter. She went on say that the Retirement System was holding \$50,000 by LWCC for future medical expenses, and asked whether the matter is still with LWCC or with the Metro Council. Mr. Yates explained that if Workers' Compensation settles with the disability retiree for a lump sum, CPERS offsets that settlement from the monthly benefit until it is fully offset. He noted that CPERS had offset such an amount for Ms. Tate, and that it was totally offset some years ago. Mr. West recommended that Ms. Tate contact the Parish Attorney's Office, and particularly Mr. Greg Rome, to get an update of her situation with Workers' Compensation. Ms. Tate asked about another person submitting the required form in the event the disabled retiree could not do so. The Board agreed that with a Power of Attorney, that could be done. Mr. Bernard asked about the monetary limitations of the disability retirees as compared to retirees who return to work on a part-time basis. Mr. Yates noted that when a disability is granted, the medical consultant states that the member is totally and permanently disabled. The chairman noted that in 2004 when this provision was added to the ordinances, there was known abuse of the disability process. She also noted that the actuary would need to look at any proposed changes to this provision, in order to determine the cost to the System.

The chairman then returned to Item 8A, Unfinished Business, Consideration of a Foster & Foster Study to Analyze the Financial Viability of the DROP Program for CPERS and the PGT, and to Analyze the Effect on Funding of Part-Time Post DROP Employment, and noted that Ms. Shelley Johnson had provided a letter outlining the scope of the study. Ms. Johnson stated she and Mr. Pat McDonald had had several conversations with Mr. Yates and Mr. Smith, and from those conversations, a draft for the project scope was developed. She noted that the revised scope eliminated the inclusion of the PGT because there are so few members remaining to select DROP, and the provisions of their retirement are governed by a contract between each member and the City-Parish administration. Mr. LeBlanc requested that the draft scope letter be reviewed point by point. He stated he wanted to see a scenario in which the System exceeded the target rate of return, met the target rate of return, and fell short of the target rate of return. From these scenarios, he wants to be able to determine what effect the DROP has on the System's funding, and what would have been different if the DROP accounts were not in place. Ms. Johnson noted that in order to analyze the effect of DROP on the System, they would indeed have to look at actuarial results in a variety of investment performance possibilities, but would also have to make some assumptions as to what selections members would make for the retirements if no DROP was available. Mr. LeBlanc commented on some of the other bullet points, and stated he had no problem with including them, and that he did not want this study to turn into another reduction of benefits study. He noted that the Plan of Government had a strong stance for providing employee benefits, and that any changes made would probably be made for new employees only. Mr. West stated that he was surprised how specific the scope had become, as opposed to the general nature of it last month. Ms. Johnson stated that it was so specific in order to be sure it would answer the Board's questions, and in order to accurately estimate the costs of the study.

Motion by Mr. LeBlanc, seconded by Mr. West to approve the scope letter as presented regarding the DROP, Retiree Return to Work, and the Overtime Impact Study requested by the Board.

Under discussion it was noted that overtime data for the last 2 years could be downloaded from the City's Open Data portal, and that data would show more detail of overtime for each member. Ms. Johnson stated that most systems address overtime issues with an anti-spiking provision. Ms. Hanlon suggested excluding the overtime aspect of this study in order to proceed with the other elements of the study. Mr. Bernard recommended keeping the overtime portion of the study in place. Mr. LeBlanc suggested leaving in the overtime analysis, but placing the primary

focus on the other elements of the study so that costs can be controlled.

There were no objections to the motion.

Motion passed by those members present.

At this time the chairman returned to Item 5A, Consultant's Reports to address the legal update from Ms. Akers. Ms. Akers stated that she would review the topics in her report that would not need to be discussed in executive session, and then recommend executive session as needed. She noted the first item on the legal update as the litigation against MacroGenics, for which the judge just recently granted CPERS the lead plaintiff status. The next step is the formal complaint. In the Impinj case, the Board had approved a settlement amount, and the judge had signed an order giving preliminary approval to the settlement. She noted that there are still a number of processes to undertake before concluding the litigation. The litigation attorneys have also asked her and the CPERS staff to estimate direct costs incurred thus far for reimbursement in the Impinj case. She then covered the Energy Transfer case in which the defendants had moved to dismiss the case, and CPERS would be filing their opposition to that motion in October. In the Merit Medical case, the situation was the same, with the defendants filing a motion to dismiss, for which CPERS would soon be filing opposition to that motion. Regarding the Greensky litigation, Ms. Akers recommended going into executive session to discuss this ongoing case.

Motion by Mr. Bernard, seconded by Mr. Toups to go into executive session at 10:51 a.m. to discuss an ongoing litigation matter as recommended by legal counsel.

No discussion and no objections.

Motion passed by those members present.

Regular session resumed at 11:00 a.m.

Motion by Mr. LeBlanc, seconded by Sgt. Noel to grant the Retirement Administrator, general legal counsel, and the securities litigation attorney the authority to approve a preliminary settlement in the Greensky litigation.

No discussion and no objections.

Motion passed by those members present.

Under Item 10, Administrative Matters, there were no matters to be addressed.

The chairman then continued with Item 11, Police Guarantee Trust Matters, and under Item 11A, PGT Benefits Report, recognized Mr. Yates who stated that the report was in order as presented.

Motion by Mr. LeBlanc, seconded by Mr. West to approve the PGT Benefits Report as presented.

No discussion and no objections.

Motion passed by those members present.

Under Item 11B, the chairman noted that the PGT DROP Notifications Report was provided for the Board's information, and that no action was required.

Item 11C, Consultants' Reports, there were no items to address.

There were several investment manager invoices under Item 11D.1 for the Board's review.

Under Item 11D.2 there were no invoices to address.

Under Item 11D.3, PGT Cash Activity Report, Mr. Drago noted that there was nothing unusual to point out this month.

Under Item 11E.1, there were no items.

Under Items 11F Unfinished Business, and 11G, there were no matters to address.

Seeing no further items on the agenda, the chairman called for a motion to adjourn.

Motion by Mr. LeBlanc, seconded by Sgt. Noel to adjourn at 11:04 a.m.

No discussion and no objections.

Motion passed by those members present.

MARSHA HANLON
CHAIRMAN, RETIREMENT BOARD OF TRUSTEES

JEFFREY R. YATES
RETIREMENT ADMINISTRATOR